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**FISCAL IMPACT STATEMENT**

**LS 7153**

**BILL NUMBER:** HB 1309

**NOTE PREPARED:** Jan 20, 2015

**BILL AMENDED:**

**SUBJECT:** Dissolution of Township Government.

**FIRST AUTHOR:** Rep. Ziemke

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

*Transfers from Townships to Counties Outside Marion County:* It provides that on January 1, 2019, in all counties (except Marion County) the following occur:

- (1) All township governments are dissolved, and all township powers and duties are transferred to the county (including township assistance, fire protection, cemetery maintenance, weed control, parks, fence viewing, and any township libraries).
- (2) The duties and responsibilities of the township trustee are transferred to the county executive or the county executive's designee.
- (3) The duties and responsibilities of the township board are transferred to the county fiscal body.

It also provides that on January 1, 2019, in all counties (except Marion County) the following occur:

- (1) The transfer of powers and duties between a township and a county results in the transfer of the township's property, equipment, records, rights, contracts, and indebtedness.
- (2) All assets, debts, and contracts of a township are transferred to the county, and the county assumes all township indebtedness.
- (3) The county may levy property taxes to pay township indebtedness or lease rental obligations incurred by a township only in the geographic area of the township that originally issued the debt or entered into the lease rental agreement, which comprises a taxing district for the payment of township indebtedness existing at the time of the transfer.

*Township Employees:* The bill requires a county (excluding Marion County) to specify which township employees responsible for performing the duties and responsibilities of the township before its dissolution become county employees on January 1, 2019, responsible for performing the transferred township duties and responsibilities for the county.

*Local Assistance:* The bill changes all references to "township assistance" in the Indiana Code to "local assistance".

It provides that local assistance is administered by an administrator as follows:

- (1) Before January 1, 2019, the administrator is the township trustee.
- (2) On January 1, 2019, the administrator is:
  - (A) the township trustee of a township in Marion County; and
  - (B) the county executive or county executive's designee of all other counties.

The bill changes references in the Indiana Code from township trustee to administrator.

It provides that beginning January 1, 2019, in all counties (except Marion County), the county executive administers the local assistance fund for the county in accordance with:

- (1) a county plan prepared and adopted by the county legislative body; and
- (2) local assistance standards.

The bill beginning January 1, 2019, allows the county auditor of all counties (except Marion County) to make payments for claims payable from the county local assistance fund in advance of an allowance by the county executive.

*Distressed Townships:* It also makes provisions concerning distressed townships expire on January 1, 2019.

*Fire Protection and Emergency Services:* The bill provides that effective January 1, 2019, in all counties (except Marion County), the county executive is responsible for providing fire protection and emergency services in the unincorporated areas of the county, and the powers and duties of township government and the township trustee related to providing fire protection and emergency services in the unincorporated areas of the county are transferred to the county.

It requires the county legislative body to propose and adopt a county plan for provision of fire protection and emergency services in the unincorporated areas of the county through any combination of:

- (1) operating a county fire department;
- (2) contracting with or otherwise cooperating with any municipality, county, fire protection district, volunteer fire department, fire protection territory, or other entity; or
- (3) entering into mutual aid agreements.

The bill also provides that if a township is a participating unit in a fire protection territory or fire protection district, the county, on January 1, 2019:

- (1) shall assume the powers, duties, rights, responsibilities, and obligations of the township; and
- (2) may withdraw all or part of the township from the territory or district in accordance with the county fire plan.

The bill provides that on January 1, 2019, for all counties (except Marion County):

- (1) establishes a county firefighting fund and maximum property tax levy for the county's firefighting fund;
- (2) establishes county firefighting powers and duties that are similar to the current township firefighting powers and duties; and
- (3) allows a county that establishes a county fire department to establish a merit system for the county fire department.

*Property Tax Levy:* The bill requires the Department of Local Government Finance to adjust maximum permissible property tax levies and property tax rates as necessary to account for transfers of duties, powers, and obligations.

*Mergers:* The bill makes provisions allowing townships to merge expire on January 1, 2019. (Under current law, these provisions do not apply to townships in Marion County.)

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Summary:* State agencies will have one-time expenditures to oversee and assist the transfer of township duties and responsibilities to counties.

*Division of Fire and Building Safety:* The Division of Fire and Building Safety in the Department of Homeland Security will have to adopt plans for county fire protection and emergency services if the county has not adopted the plan by January 1, 2019.

*Department of Local Government Finance (DLGF):* The DLGF will incur minimal additional cost to adjust a county's and a municipality's ad valorem property tax levy for local assistance and after a municipality elects to have the county provide fire protection and medical assistance services directly. The DLGF will also determine fund balances to transfer funds from the township to the county.

*State Board of Accounts (SBOA):* The SBOA may have somewhat reduced cost to prepare a statewide statistical report concerning local assistance in each county, rather than each township. However, the SBOA may have minimal additional costs to reconfigure forms for county use.

**Explanation of State Revenues:** *Appeals of Local Assistance Decisions:* An appeal of an adverse decision concerning local assistance is to the board of commissioners under current law and to the circuit court under the bill. If court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana. And proceeds from the automated record keeping fee (\$5) are deposited into the State User Fee Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:** *Summary:* The position of township assessor, township trustee, and the three-member township board would be eliminated, and the township duties and responsibilities would

transfer to the county executive, legislative body, or fiscal body. If the county provides the township services at the same level and more efficiently, cost savings for the taxpayers of the township would occur, as the service costs would be distributed among a larger number of county taxpayers.

The cost of implementing the transfer of duties and establishing plans for local assistance and fire and emergency services will have one-time costs for the county to develop the plans and hold public meetings.

Additional Information -

*Townships, Generally:* There are a total of 1,006 townships in Indiana , with 997 outside of Marion County. The number of townships per county varies between 4 and 21, with the largest number of counties having 12 townships.

*Elimination of Township Trustee and Board:* The township trustee and board positions would be eliminated, and their duties and responsibilities would transfer to the county executive, the county legislative body, or the county fiscal body. The township trustee and board salaries may be used to provide additional compensation for the additional responsibilities undertaken by county officials or for other administrative purposes, depending on the decisions of the county fiscal body which sets the budget and compensation for the county. If these salaries are not used in part or in whole, cost savings would occur.

*Trustees:* In addition to administering local assistance and providing fire protection and emergency services, the trustee is responsible for partitions, living fences, and detrimental plant removal. The median 2014 budgeted salaries for township trustees per county was \$101,063 and ranged from \$20,680 to \$429,038. There were 976 townships reporting.

*Boards:* Township boards that are not in Marion County are composed of three members. Based on 2014 budgeted expenditures, the median board salary for all three members by county was \$19,953, ranging from \$3,585 to \$190,964. These data are based on 972 townships reporting.

*Township Assessors:* There are 13 townships in 8 counties that have township assessors, and the expenses of the township assessor are paid in the county budget. In total for 2013, the salary expense for township assessors was \$5.5 M, and other expenses were \$494,300. [There was no expenditure data for the Portage Township assessor in Porter County.] The responsibilities of the township assessor would transfer to the county assessor.

*Township Employees:* Under the bill, the number of other employees, such as local assistance chief deputy, supervisors, investigators, or assistants, would be specified by the county plan. The county executive will determine which township employees will transfer to the county and become county employees. Any decrease in the overall number of township employees would reduce the cost of providing township services. However, no data are available to estimate the change in the number of employees needed.

*Local Assistance:* Local assistance provides necessary and prompt relief, paying for utilities, housing, food assistance, health care, emergency shelter, and funeral, burial, and cremation and connecting residents with assistance that is provided without expenditures of township funds or by other agencies. The county executive or the county executive's designee would be the local assistance administrator and would provide local assistance throughout the county substantially in the manner currently in statute. Local assistance would be provided within the standards adopted in the county plan, whereas currently the township trustee proposes

standards that are adopted by the township board.

All 91 counties, outside of Marion County, would have some local assistance expense under the bill, based on the reported 2013 township assistance expenses from 995 townships, although not every township provides local assistance. Local assistance services, programs, limitations, powers, and duties that are left to the discretion of the township trustee would be at the discretion of the county legislative body through the adopted county local assistance plan under the bill, resulting in differences in the local assistance provided by the townships and that are provided by the county. Ultimately, the amount spent for local assistance will depend on the plan adopted by the county legislative body and the need within the county.

*Requests and Value of Services:* In 2013, statewide, 219,582 requests for township assistance were reported by 995 townships outside of Marion County. When the requests are viewed by county, the median number of requests for assistance is 706, ranging from 47 to 33,942. Only two counties would have less than 100 requests. The median amount spent by the townships per county was \$101,150, ranging from \$3,643 to \$10.7 M.

*Local Assistance Plan:* The county legislative body will adopt a local assistance plan after reviewing the plan in at least two public meetings. The plan will specify the supervisors, investigators, assistants, and other necessary employees to provide township assistance and the forms of local assistance. For discretionary services, programs, limitations, powers, and duties, the county plan will have to describe whether they are included in the plan.

*Application:* Under current law, provisions concerning the hiring of a chief deputy administrator, scheduling office hours, and food purchase order limits are for townships having population over 10,000, but under the bill the requirements would be applicable to counties with a population over 10,000. [Based on 2010 census data, only four counties have population under 10,000.]

*Fire Protection and Emergency Services:* The county executive will provide fire protection and emergency services in the unincorporated areas of the county according to the fire protection and emergency services plan adopted by the county legislative body.

*Fire Protection and Emergency Services Plan:* The plan will include the facilities, equipment, and personnel that will be used to provide fire and emergency services in the unincorporated areas of the county in an efficient and cost-effective manner.

*Fire Department:* Counties do not currently operate fire departments, but under the bill a county may establish a fire department and may establish a safety board to administer the fire department functions of the county. The services of a firefighter who was a member of the township, district, or territory fire department and becomes a member of the county fire department is considered an active services member for pension purposes.

*Fire Protection Territory:* A fire protection territory is a geographic area that may include any combination of municipalities and townships. One unit is the provider unit and administers the fire protection territory, although a tax levy applies throughout the area. There is at least one fire territory that has a township as a provider unit.

### **Explanation of Local Revenues:**

*Property Taxes:* For local assistance, the county executive will estimate the amount needed, and the county fiscal body will adopt the county budget with sufficient funds beginning with property taxes due in 2019. After 2018, the county fiscal body will adopt a budget to provide firefighting and emergency services in the unincorporated areas of the county. The property taxes collected for each function will be placed in the local assistance fund and the county firefighting fund, respectively.

A county may levy a property tax within the municipal boundaries if the county is providing firefighting, emergency services, or both through an agreement with municipality. Any property tax levied for this purpose is to be treated as a levy by a separate civil taxing unit when determining the property tax levy limit.

*Indebtedness:* Township indebtedness will be paid by the taxpayers that were responsible for payment before the abolishment of the townships.

*Fund Balances:* The balance in a township cumulative building and equipment fund will transfer to the county's cumulative building and equipment fund.

The balance of any debt service fund that is related to township fire protection, transfers to the county. The funds are for use by the county or a fire protection district to pay indebtedness or lease rentals, and any remaining balance will transfer to the county general fund.

*Appeals of Local Assistance Decisions:* If additional civil actions occur as the result of appeal of a decision for local assistance, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

### **State Agencies Affected:**

**Local Agencies Affected:** Townships, counties, trial courts.

**Information Sources:** Gateway for Government, TA7 Summary and Detailed reports.

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